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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1998-1999

UNITED NATIONS REFORM: MEASURES AND PROPOSALS

Reduction and refocusing of non-programme costs

Report of the Secretary-General

1. One of the major aspects of the Secretary-General's reform proposals (see A/51/950 and Add.1-7) relates to the reduction and subsequent redirection of non-programme costs. The Secretary-General has proposed a reduction of non-programme costs by up to one third by the biennium 2002-2003, and the utilization of the resultant savings to fund a development account.

2. In the context of its first report on the proposed programme budget for the biennium 1998-1999, the Advisory Committee on Administrative and Budgetary Questions requested further clarification on technical aspects as well as the modalities for implementation of the proposals.[1]

3. The General Assembly in its consideration of the reform proposals and the proposed programme budget for the biennium 1998-1999,[2] decided, in its resolution 52/12 B of 19 December 1997, to establish, in the programme budget for the biennium 1998-1999, a development account to be funded from savings from possible reductions in administration and other overhead costs, without affecting full implementation of mandated programmes and activities, and requested the Secretary-General to submit a detailed report by the end of March 1998 identifying the sustainability of this initiative, as well as the modalities of implementation, the specific purposes and associated performance criteria for the use of such resources.

4. The present report responds to the request by the Advisory Committee by presenting an outline of the various elements which constitute non-programme

costs, together with measures aimed at reaching the objective within the indicated time-frame.

5. Section I clarifies a number of issues related to the definition of administrative expenses and other overhead costs, including information costs, which are referred to as non-programme costs.

6. Section II provides an outline of the magnitude and planning of the anticipated reductions. The two overall aims of the exercise are: (a) to reduce by 1 January 2002 non-programme costs by one third as compared to those obtaining in the proposed programme budget for the biennium 1996-1997 as presented by the Secretary-General - in actual terms this represents a reduction of $280 million of the $849 million attributed to such expenses; and (b) in so doing, deliver an efficiency dividend of some $200 million to be placed at the disposal of the General Assembly, through the mechanism of the Development Account, for reallocation to economic and social activities.

7. Table 1 presents non-programme costs based on the considerations described in section I below for the proposed programme budget for the biennium 1996-1997 and for the proposed programme budget for the biennium 1998-1999, as well as targets for the biennium 2000-2001 and for the biennium starting on 1 January 2002. It should be noted that these targets are tentative planning models, and as such assume a budget maintained, both in terms of United States dollars and exchange rates, at its 1998-1999 level.

8. As can be seen, the total non-programme costs for the original 1996-1997 budget stand at $849 million, or some 38 per cent of the computation base. This amount is used as base 100 for all future computations. The table also shows that the related amount targeted for 1 January 2002 is $569 million, or $280 million less than that shown for the proposed programme budget for the biennium 1996-1997. This corresponds to an index of 67, which is one third lower than the base.

I. DEFINITION OF ADMINISTRATIVE EXPENSES AND OTHER NON-PROGRAMME COSTS AND OF THE BUDGET BASE FOR PERCENTAGE COMPUTATION

9. Non-programme costs have been defined as encompassing all support functions not directly associated with the delivery of substantive programmes. In this context, it is suggested that six elements should be included totally or partially under non-programme costs, namely, direct administrative costs, executive direction and management, programme support (direct administrative support to programmes), conference services, public information costs and general operating expenses. The relevance of each is further described below.

Direct administrative costs

10. All direct administrative costs as defined below that are clearly not programmatic in nature relate to support functions to programmes and thus are included within non-programme costs. These include all costs for the Department of Management at Headquarters and the administrative divisions at the United Nations Office at Geneva, the United Nations Office at Vienna and the United

Nations Office at Nairobi. In all these cases, general operating expenses have been separately redistributed between programme and non-programme costs. Under direct administrative costs are also included costs associated with the operation of the Administrative Tribunal, the Advisory Committee on Administrative and Budgetary Questions, the Board of Auditors, the United Nations share of the Pension Board secretariat, the Committee on Contributions, the United Nations share of joint administrative activities (the Consultative Committee on Administrative Questions, the International Civil Service Commission, etc.) as well as the Office of Internal Oversight Services.

Executive direction and management

11. Part of the functions within the executive direction and management of each main department or office are devoted to administrative, human resources management and other overall managerial tasks that constitute non-programme elements. It should be noted in this regard that the Executive Office of the Secretary-General and administrative functions within the offices of the Directors-General of the United Nations Office at Geneva and the United Nations Office at Vienna are included under this item. While it is difficult to assign an exact ratio of these tasks as a proportion of the overall cost of each department or office, which, furthermore, may vary from office to office, for the purpose of this exercise it has been assumed that non-programme costs currently represent about half of the total cost of these offices and consequently a 50 per cent factor has been assigned to those costs.

Programme support

12. Under this item are included all direct administrative support to programmes, namely all Executive Offices at Headquarters, as well as administrative services in the economic commissions and the United Nations Conference on Trade and Development (UNCTAD). Two other programme support elements related to the economic commissions and UNCTAD, namely conference services and general operating expenses, are dealt with separately in the present report.

Conference services

13. Conference Services, in its support function, provides services to the entire Secretariat. A component of that support is devoted to non-programme entities, mostly in the administrative sector, including documentation, not only for administration per se, but also, principally at Headquarters, for a number of United Nations bodies dealing with administrative matters (the Fifth Committee, the Pension Board, the Advisory Committee on Administrative and Budgetary Questions, the International Civil Service Commission, the Board of Auditors, etc.). Therefore, a proportion of conference services should be included as non-programme costs. Detailed statistics will over time be gathered and analysed to define as exactly as possible the "contribution" of conference services to non-programme costs at Headquarters and at other duty stations. At this juncture and for the purpose of this exercise, a rough estimate has been made that, overall, some 25 per cent of conference service costs relates to the servicing of all administrative and other entities included under non-programme costs. Consequently, that factor is used throughout the exercise. For the sake

of consistency, Conference Services is presented as a separate element throughout the exercise, even though it has been aggregated within the Department of General Assembly Affairs and Conference Services in the revised estimates contained in document A/52/303.

Public information

14. The role of the Office of Communications and Public Information is to promote an informed understanding of the work and purposes of the United Nations among the peoples of the world. As a separate Office, it has both links with programmes, the activities of which serve, inter alia, as the basis of its reporting, and operates on its own as a support function in a way that is conceptually similar (even if in practice it is different) to the various other non-programme entities listed above. In the context of this exercise, bearing in mind the current structure and modus operandi of the Office, it is assumed that currently the activities of the Office are non-programme activities. Based on the analysis of current functions, 100 per cent of Office costs are included as non-programme costs. A case can, however, be made for a shift of some of these costs to the substantive component, especially in respect of elements supporting the programme functions. This is discussed in paragraph 40 below.

General operating expenses

15. General operating expenses, which are reflected under various sections of the budget, include rent, fuel, supplies, furniture and other similar types of expenditure of the Organization. A portion of these expenses relates to non-programme activities. The amounts shown in table 1 under programme and non-programme costs respectively, reflect the same proportion of the total cost of general operating expenses as the respective ratio of programme and non-programme costs bear to the computation base.

Computation base

16. A computation base has been derived from the total regular budget amount by deducting certain elements (maintenance/construction, staff assessment and special expenses). These elements, which are treated separately in the budget, are considered to be neither programme nor non-programme costs. They have thus been maintained outside the scope of the study, bearing in mind, inter alia, that a proportional redistribution of capital expenses (construction/maintenance) would not be meaningful and that staff assessment appears both in expenditure and income sections of the budget.

II. FUTURE REDUCTIONS IN NON-PROGRAMME COSTS

17. In the paragraphs below a planning model is presented outlining the economies that should be effected in the next two bienniums (2000-2001 and January 2002-2003) to attain the above goals (see table 1). The types of measures envisaged within each of the elements constituting non-programme costs are also described, including, as explained later, an element related to Member States' "contribution".

A. Economies to be effected in the next two bienniums

Simplification and rationalization of rules

18. The Financial Regulations and Rules and the Staff Regulations and Staff Rules of the United Nations date back some 50 years. Over the years, changes have been made in the form of add-ons, leading to increasing layers and growing difficulties in their implementation.

19. It is in this context that an overall review and reform of the Staff Rules has been initiated to simplify as well as to modernize them, thus making them easier to understand and administer. The review process is expected to span over the first half of 1998 under the aegis of a task force created to that effect. The results will be implemented gradually, bearing in mind that some of the United Nations Staff Rules stem from United Nations common system considerations requiring International Civil Service Commission involvement. Similarly, a review is to be undertaken of the Financial Rules to adjust, modify and modernize them as necessary.

Simplification and streamlining of procedures and processes

20. Together with the review of the rules, it is necessary to review the practical way ("critical path") in which rules are implemented. At present, the implementation entails duplicative efforts, excessive layers in the decision-making process and consequent communication problems. The purpose of the review is to streamline procedures and processes, as well as to define clear lines of responsibility and accountability, with a view to eliminating duplication and redundancy. These reviews, which will include consultation with the Office of Internal Oversight Services, will be undertaken centrally at Headquarters as well as locally at all duty stations. The intention is to examine existing practices with a view to standardization, including consideration for the use of best practices throughout the Organization. Furthermore, the establishment of performance indicators would result in a better assessment of the costs involved in undertaking various processes and procedures and would therefore lead to benchmarking. It is expected that these measures, which have a direct link to delegation of authority, will positively impact on costs, notably in the administrative sector.

Delegation of authority and responsibility

21. The issue of delegation of authority and responsibility has been one of the more controversial issues of the operations of the Secretariat. It is also probably the one aspect where progress can be achieved and real economies of scale realized when the existing duplication and successive control mechanisms in many areas are eliminated.

22. Delegation of authority in the human resources, finance, budget and procurement fields should be considered at two levels. One is delegation to "clone" operations (principally outside of Headquarters), i.e. extension of authority from operations currently undertaken at Headquarters (for example, the Office of Human Resources Management) to entities in the same line of business situated away from Headquarters (personnel services). The other is delegation

from a given administrative department (for example, the Office of Human Resources Management) to a substantive department (for example, the Department of Political Affairs). It should be noted that at present some, albeit minimal, delegation is granted in certain areas, most of it related to purely local aspects of administrative functions at offices away from Headquarters.

23. A review is being undertaken to assess the appropriate level of delegation necessary for operations to proceed in a more timely and efficient manner. As regards the delegation to clone operations outside of Headquarters, be it the Office of Human Resources Management/personnel service, Controller/finance and budget or support services/procurement, these non-headquarters operations are, in effect, a replica at the duty station concerned of the related operations at Headquarters and should be provided with the necessary level of delegation to conduct operations fully. It is presently the case in a number of instances, that such clone operations complete and review part, or sometimes the totality, of a given process, only to have this very same process reviewed and checked again at Headquarters before any action can be taken.

24. Delegation of authority and responsibility goes hand-in-hand with accountability and empowerment. It is important for managers to have the ability to implement mandates and be held accountable for them. Quite often managers are made responsible for the implementation of mandates without the proper tools or the ability to meet the new demands. Delegation will not mean abrogation of responsibility at the centre. There is, and will always be, a clear need for policy setting and monitoring at the Headquarters level and for assembling proposals for, or on behalf of, the Secretary-General (the budget for example). However, at the operational level, with regard to the day-to-day implementation of policy decisions of the Secretary-General or the General Assembly, there is a definite need to redefine review mechanisms and move to monitoring and advisory functions at Headquarters, bearing in mind the output to be achieved (for example, gender balance, recruitment through the national competitive examination, budget implementation, procurement, etc.). Delegation of authority will include an examination of existing internal controls with a view to eliminating excessive bureaucracy and introducing controls in areas where none exist. Increase in decentralization will be accompanied by increases in the responsibility and accountability of programme managers. It represents a major shift in our way of operating and will necessitate training for all concerned, but should result in a simplified, streamlined and more agile operational system with a marked reduction in the delays which currently occur as a result of numerous back-and-forth communications. It will also provide for savings of scale, although one should realize that delegation being essentially a shift in functions cannot generate economies of the same scale at both ends. That is to say, the work, even if the process is simplified, still has to be undertaken somewhere, but not twice or thrice.

Integrated Management Information System information technology

25. One of the features that will help the Organization to streamline its operations and realize savings, once it is fully operational in all its aspects, including payroll, is the Integrated Management Information System (IMIS). It clearly provides an opportunity to change and simplify the way things are done, not so much in terms of each of the steps of a given process once they are

redefined (see paras. 20-24 above), but rather in overall terms when a chain of actions is required to implement an administrative action.

26. The main savings to be achieved are towards the end of the chain, namely in the finance and, in particular, in the payroll area. At present, payroll functions are in large part related to sophisticated data entry, or rather re-entry of data already electronically produced through the personnel system, and are thus labour-intensive. Once IMIS is operational in that area, most operations, including data entry, will be performed only once on an ongoing basis as part of a chain process initiated in a department. This should result in significant staff savings at all duty stations currently entrusted with payroll operations. Consideration will also be given to the consolidation of activities by grouping them in fewer centres. To a certain extent, such an approach already exists at present, both Headquarters and Geneva having extensive field payroll operations which could be expanded with the full implementation of IMIS.

27. On the information technology side, more extensive use of the Internet, for example in the procurement field, coupled with an extension of the current procurement tracking system within IMIS, should provide for enhanced transmission and use of procurement and billing information. This, in turn, should allow for a streamlining of operations in that field. Similarly, in the recruitment field, use of the Internet would entail benefits in terms of search and roster creation and should lead to economies of scale. Another area to benefit from these technological advances would be the archives, where a sizeable reduction of hard-copy documentation should be realized. Extensive use of information technology tools (the Internet, the newly created United Nations Home Page, the optical disk and electronic mail) will undoubtedly over time accelerate the current trend of relying less on hard-copy documents, not only within the Secretariat but also insofar as information/documents available to delegations are concerned. This in turn will impact on paper consumption and documents distribution throughout United Nations offices, allowing for economies of scale to be realized.

Reimbursement of services rendered to extra-budgetary entities

28. On numerous occasions the Advisory Committee on Administrative and Budgetary Questions, and indeed the General Assembly, have clearly indicated that regular budget funding should not be used to subsidize extrabudgetary activities. Two issues deserve consideration. The first is the degree of "contribution", if any, from the regular budget to the provision of services rendered to extrabudgetary activities and the second is the form of reimbursement of such services, including an assessment of the cost incurred by the Organization when it provides a full range of administrative and other services.

29. One aspect of the issue lies in the current Financial Rules (in particular rule 107.1 on miscellaneous income), which require the Organization to credit proceeds from the loan of staff members or any services rendered to miscellaneous income. This has a de facto negative impact on the regular budget, as related costs are included in a given appropriation line (for example, utilities) and thus actual costs to the regular budget are

misrepresented, while related reimbursement is credited directly to income, thus increasing the income line.

30. It is clear that if services provided are "undervalued" or credited under income, appropriate funding under overhead funds or direct reimbursement under the affected regular budget items would reduce reliance on resources from the regular budget and thus allow for a reduction of such resources. A review of the policies and practices governing reimbursement of services rendered, together with the extent of resources provided by extrabudgetary funds/trust funds will therefore be undertaken to determine whether adjustments are needed.

Common services

31. The concept of common services is not new to the Organization. In a number of areas, mostly in finance, it functions quite effectively (payroll, financial services, investments, etc). Further advances should be possible in other areas where regrouping of similar services should lead not only to economies of scale, but also enhancement in their delivery.

32. A review will be undertaken of all main support services with a view, when possible, to consolidating the provision of such services and to strengthening existing common services. Consideration will also be given to consolidation between Headquarters and other locations, within locations and/or between locations as the case may be. The review will take account of the cost-effectiveness, quality and timeliness of such services between duty stations, as well as make an assessment of such factors as compared with outside practice in similar fields, in order both to establish appropriate benchmarks and performance indicators and to examine options for selective outsourcing. Finally, it should be mentioned that this review will cover common services as well as central services provided by/to the Secretariat, funds and programmes.

33. Most of the areas mentioned above are interlinked. The combined effect of streamlining them will represent a definite cost-saving element throughout the Organization in terms of non-programme costs with the effect being felt in particular under direct administrative costs and programme support. While each element is not quantified separately owing to their linkage, planning indications of potential savings for the biennium 2000-2001 and for that starting on 1 January 2002 are shown in table 2 under the various items.

34. In addition to the measures described above, the actions set out below are contemplated for each of the elements of non-programme costs.

B. Measures envisaged for the elements constituting non-programme costs

Executive direction and management

35. It will be recalled that it was assumed in paragraph 11 above that up to 50 per cent of the functions within executive direction were devoted to administrative, human resources management and other overall managerial tasks. It is expected that over the next two bienniums (2000-2001 and 2002-2003) there

will be a refocusing of functions so that a gradual shift to substantive and programmatic matters will be possible. This is illustrated in column six of table 2, which indicates a shift/redeployment of resources from 50 per cent to 33 per cent for non-programme costs, and similarly in column 10, where a further redeployment of resources for non-programme costs, from 33 per cent to 25 per cent of total resources for executive direction and management, is reflected. Thus the overall data for executive direction and management reflect, from 1998-1999 onwards, planned reductions of $6.4 million and $2.0 million respectively for 2000-2001 and as at 1 January 2002 and a redeployment of resources towards programmes, reducing the share of non-programme costs from 50 per cent in 1998-1999 to 25 per cent as at 1 January 2002.

Conference services

36. While more precise statistical data will be collected, it is estimated for the purpose of this study that the share of conference services attributable to non-programme costs will remain at 25 per cent throughout the exercise. Savings envisaged under conference services relate in part to a projected reduction in documentation by some 25 per cent. This is to be coupled with some of the measures described above, in particular those related to information technology, reimbursement of services rendered to extrabudgetary activities and common services.

37. While a decrease in conference-servicing costs could be expected from streamlined administrative issuances and reduced public information outputs, cost reductions will depend on the level of activity of administrative and financial bodies. Economies are also expected from technological advances and improvements to procedures. On the other hand, if the additional resources to be made available for programme activities in the economic and social fields are used to increase traditional programme outputs - meetings and reports - there will be a resulting increase in the workload for conference services.

38. It should be noted that the 25 per cent reduction in documentation that the Secretariat is expected to achieve by the end of 1998 will not directly translate into major savings in conference services. The reduction applies to the volume of material printed, part of which has already been achieved by reducing the number of copies of documents distributed within the Secretariat, circulated to Permanent Missions, made available in conference rooms and kept in stock. This reduction however does not have a significant impact on the more costly functions involved in documentation processing: editing and translation. The Secretariat is also examining the possibility of wider use of electronic translation, and although the technology is not fully perfected, it should contribute to a further reduction in documentation costs. The 16-page limit established by the Secretary-General for documents originating in the Secretariat applies to 26 per cent of the parliamentary documentation processed by conference services. The rest is made up of major policy documents, which are lengthier, such as reports of subsidiary bodies and of special rapporteurs, communications from Member States, and draft resolutions and decisions. The observance of this 16-page limit alone could lead to a reduction of approximately 8 per cent in total parliamentary documentation (excluding meeting

records, public information materials, publications, administrative issuances, etc.).

39. It should be noted that many management initiatives aimed at promoting more efficient conference services for administrative matters are also applicable, in more or less degree, to programme costs - for example, remote interpretation. For this reason, reductions in the programme support component of conference-servicing costs are also tentatively projected in this study. This is illustrated in columns 4 and 8 of table 2, where economies of $35.5 and $28.0 million are included as contemplated reductions.

Public information

40. As indicated in paragraph 14, the full amount of costs for the Office of Communications and Public Information has been included as non-programme costs until the biennium 1998-1999. It is expected, however, that for future bienniums there will be a shift in operational activities of the Office, with the emphasis being placed on providing direct support to substantive programmes. The Office is therefore gradually expected to shift and/or redeploy its resources towards substantive programmes. This in turn would translate into a consequent decrease in the Office share included under non-programme costs. This is illustrated in columns 6 and 10 of table 2, where the share of the Office included under non-programme costs shows a decrease from 100 per cent to 50 per cent for 2000-2001 and from 50 per cent to 33 per cent as at 1 January 2002. This shift of resources is coupled for each biennium with planned overall economies ($6.9 and $5 million respectively) resulting from other measures described in section II, as well as from a restructuring, streamlining and refocusing of Office activities.

General operating expenses

41. The savings projected in table 2 are essentially due to information technology/communications advances and reimbursement of services rendered to extrabudgetary entities, as indicated in paragraph 30 above. The figures represent net savings after accounting for unavoidable increases owing to price increases for utilities, rent, etc.

Member States' contribution

42. A number of measures aimed at improved methods of work, streamlining and cost savings have been presented in the present report. While most of them are predicated on action to be taken by the Secretariat, to be fully successful they will nevertheless require active involvement by Member States.

43. Overtime, the demands placed on the Secretariat in terms of documentation, especially in the administrative and financial sector (Fifth Committee) have been increasing. Similarly, the periodicity and timing of meetings has seen an increase. It is, therefore, particularly important, in the context of the reduction in non-programme costs, that full and active cooperation be obtained from Member States. Specific measures related to the periodicity and length of meetings in the administrative and finance areas would reduce the strain on the Secretariat, both in terms of conference services and human resources support

from the Department of Management and others, and consequently allow for savings in non-programme costs. As shown in table 1, the value of this contribution from Member States is estimated at some $22 million. It should be noted that, in itself, the wording is a misnomer as the "contribution" would consist in adopting a different approach in reviewing administrative matters, while the savings will have to be achieved within the Secretariat.

Development Account

44. A separate document (A/51/950/Add.5) has been issued on the establishment of the Development Account. Table 2 provides a summary of the action envisaged in terms of redeployment of resources within executive direction and management from non-programme costs to programmes ($12.8 million by 1 January 2002 over 1998-1999), as well as from the Office of Communications and Public Information to programmes, where redeployment accounts for $75 million by 1 January 2002 over 1998-1999 (see the note to table 2), with the emphasis on the economic and social sector (75 per cent of the redeployed amount or $56.0 million by 1 January 2002), while other programme costs would receive 25 per cent of the redeployed amount, or $19.0 million by January 2002.

45. Footnote [a] to table 2 also indicates, by reference to the expected savings shown in column 12 for each element, the amount expected to be redirected to the Development Account. As can be seen, the accrued savings would total $182.2 million by 1 January 2002, to which should be added $12.7 million, as proposed by the Secretary-General within the context of the 1998-1999 budget, thus representing a total of some $195 million to be available in the Development Account by 2002.

46. The overall planning targets for the biennium starting on 1 January 2002 regarding redeployments and economies can be summarized as follows:

	Proposed budget for 1996-1997	Increases/ (economies)	Proposed budget for 1998-1999	Increases/ (economies)	Redeploy-ments	Planning target 1 January 2002
	(1)	(2)	(3)	(4)	(5)	(6)
Total programme costs	1 381.4		1 372.1			1 603.0
Economic/social	527.8	13.0	540.8	182.2	56.0	779.0
Other substantive programmes	328.5	6.3	334.8		31.8	367.0[a]
Operating and support costs[b]	525.1	(28.6)	496.5	(39.5)		457.0
Total non-programme costs	849.0	(49.5)	799.5	(142.7)	(87.8)	569.0
Grand total (computation base)	2 230.4		2 171.6			2 172.0

[a] Difference of 0.4 owing to rounding.

[b] Includes conference services and general operating expenses.

III. PRESERVING THE INTEGRITY OF THE DEVELOPMENT ACCOUNT

47. A precise procedure must be established so as to preserve the integrity of the process by which non-programme costs of the Organization are reduced and thereafter reallocated, in the case of administrative and conference service costs, to a Development Acccunt or to programme outputs, in the case of information costs. Without such a procedure, the benefit of such reductions in non-programme costs could be lost in succeeding bienniums.

48. To guard against such occurrences, several steps should be taken in the budgetary process, in precise order.

Step 1 - defining base period non-programme costs

49. Non-programme costs must be defined in a specific manner in a base period biennium budget and identified in a consistent manner in succeeding biennial budgets. While there is nothing particularly sacrosanct as to the definition of the six elements of non-programme costs as in this paper (see sect. I, paras. 9-15), their inclusion under non-programme costs in the proposed programme budget for the biennium 1996-1997, which is used as the base period biennium, necessitates, for the sake of consistency, that comparison continue to be made with the same cost elements in later biennial budgets.

Step 2 - comparing base period biennium non-programme costs with non-programme costs in succeeding bienniums

50. As a first order of budget determination, the cost elements defined as non-programme costs in the base biennium budget must be compared to the same cost elements in each succeeding biennium budget. The decrease in such non-programme costs between the base period biennium budget and later biennial budgets, leads to a reduction in the non-programme budget category, which translates into a credit of an equal amount to the Development Account or to programme outputs (information costs), without causing an increase in the overall budget total. Stated another way, whatever reduction is achieved in the pre-defined non-programme costs occasions a comparable increase in the Development Account, or in programme outputs in the case of information costs.

51. At this stage of the exercise, the Development Account should not be subject to exchange rate or inflation recosting so as to preserve the integrity of the transferred credit.

Step 3 - costing the remaining budget elements

52. All other programme activities are costed for budget purposes in the usual manner. Since the decrease in non-programme costs (step 2) is offset by an increase in the same amount in the Development Account or other programme activities, the costing of the remaining budget programme element constitutes the only real change in budgetary appropriation levels.

Table 1

Comparison of the proposed programme budget for the biennium 1996-1997 with the proposed programme budget for the biennium 1998-1999 and with planned targets for 2000-2001 and 1 January 2002

(Thousands of United States dollars)

	Proposed budget for 1996-1997		Proposed budget for 1998-1999		Target 2000-2001		Target 1 January 2002	
	Amount (1)	Percentage (2)	Amount (3)	Percentage (4)	Amount (5)	Percentage (6)	Amount (7)	Percentage (8)
Total budget	2 687.0		2 583.0		2 583.0		2 583.0	
Computation base	2 230.4	100.0	2 171.6	100.0	2 172.0	100.0	2 172.0	100.0
Programme costs								
Economic/social	527.8		540.8[a]		689.0[b]		779.0	
Others	328.5		334.8		360.0[c]		367.0[d]	
General operating expenses	140.3		133.9		141.0		142.0	
Conference services	384.8		362.6		336.0		315.0	
Total	1 381.4	62.0	1 372.1	63.2	1 526.0	70.3	1 603.0	73.8
Non-programme costs								
Direct administrative costs	375.9		335.2		315.0		300.0	
Executive direction	38.7		38.2		23.0		17.0	
Programme support	93.8		98.0		90.0		84.0	
25 per cent of conference services	128.2		120.9		112.0		105.0	
Public information	137.9		139.2		63.0		37.0	
General operating expenses	74.6		68.0		54.0		48.0	
Total	849.0	38.0	799.5	36.8	657.0		591.0	
Member States' 'contribution'					(11.0)		(22.0)	
Net non-programme costs					646.0	29.7	569.0	26.2
Index in relation to base 100	100		94.2		76.1		67.0	

[a] Includes $12.7 million (Development Account).

[b] Includes $47.0 million resulting from redeployment of activities of the Office of Communications and Public Information.

[c] Includes $56.0 million resulting from redeployment of activities of the Office of Communications and Public Information.

[d] Includes $16.0 million resulting from redeployment of activities of the Office of Communications and Public Information.

[e] Includes $19.0 million resulting from redeployment of activities of the Office of Communications and Public Information.

Table 2

Planning model indicating economies and redeployments necessary to reach the established target by 1 January 2002

(Millions of United States dollars)

	1996-1997 original budget (1)	(Economies)/ increase (2)	1998-1999 amount (3)	2000-2001 over 1998-1999				As at 1 January 2002 over 2000-2001				Total economies as at 1 January 2002 over 1998-1999 (4)+(8) (12)
				Economies (4)	Revised amount (5)	Redeployment (6)	Revised amount (7)	Economies (8)	Revised amount (9)	Redeployment (10)	Revised amount (11)	
Direct administrative costs	375.9	(40.7)	335.2	(20.2)	315.0			(15.0)	300.0			(35.2)
Executive direction 100%	77.4	(1.0)	76.4	(6.4)	70.0			(2.0)	68.0			(8.4)
50%	38.7		38.2			50% to 33% or 8.8	23.0			33% to 25% or 4.0	17.0	
Programme support	93.8	4.2	98.0	(8.0)	90.0			(6.0)	84.0			(14.0)
Conference services 100%	513.0	(29.5)	483.5	(35.5)	448.0			(28.0)	420.0			(63.5)
25%	128.2		120.9		112.0				105.0			
Public information	137.9	1.3	139.2	(13.2)	126.0			(14.0)	112.0			(27.2)
						100% to 50% or 63.0	63.0			50% to 33% or 12.0	37.0	
General operating expenses 100%	214.8	(12.9)	201.9	(6.9)	195.0			(5.0)	190.0			(11.9)
Non-programme costs (Percentage) (Amount)	34.7% 74.5		33.7% 68.0		27.8% 54.0				25% 48.0			
Member States' 'contribution'	-		-	(11.0)				(11.0)				(22.0)
												Grand total (182.2)[a]

Note: Redeployment (col 6 + col 10): Executive direction 8.8 + 4.0 = 12.8
Public information 63.0 + 12.0 = 75.0

[a] Total amount available for the Development Account $182.2 + 12.7 (suggested for 1998-1999) = $195.0 million (rounded).

Notes

[1] Official Records of the General Assembly, Fifty-second Session, Supplement No. 7 (A/52/7), para. 30 (c).

[2] Ibid., Supplement No. 6 (A/52/6/Rev.1).